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SUBJECT: ITALIAN GRADS DISCUSS JOB SEEKING WOES

REF: ROME 001412

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¶1. SUMMARY: Ambassador Spogli hosted a "garden chat" for recent alumni of Rome's Catholic University LUMSA (Free University of the Assumption of Mary Most Holy) May 31, 2006. The dozen young adults occupied a variety of private and public sector positions. One was unemployed and still seeking a job in her field. The objective of the session was to hear first-hand of their experiences, opportunities, and obstacles as they tried to enter Italy's job market.

¶2. The event was an outreach effort under the "Partnership for Growth," the Embassy's dialogue with the academic, business and government communities that showcases the U.S. model of 21st century economic growth, based on innovation and the global marketplace, and promotes ways U.S. practices can be leveraged to help strengthen the Italian economy, which for the last five years has grown less than one percent per year. By the end of the evening, the grads had thoroughly discussed the disconnect between Italian universities and the job market, but came up with only one suggestion for improving the system. END SUMMARY.

PROBLEM: IVORY TOWERS NOT GEARED TO THE LABOR MARKET

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¶3. Despite their own success at finding employment, participants agreed that there is a disconnect between the university and the labor market: universities often do not offer the type of preparation the market demands. At the masters degree level, in particular, the alumni maintained that masters courses occupied a niche of their own, functioning as temporary "parking spots" for graduates uncertain of their career path or without a job offer. All called for greater dialogue between universities and the private sector. Most also agreed that the university system is neither merit-based nor competitive, because all degrees have the same legal value in Italy. Eliminating the equal legal standing of degrees would be a first concrete step towards creating competition among universities, leading to competition to get into the best schools and competition to attract the best students and professors. Universities would be forced to offer more market-relevant courses and break the uniform, nationwide salary structure for full professors.

AGED LEADERSHIP RESISTING CHANGE

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¶4. Several participants pointed to Italy's aging

leadership, with entrenched ideas focused on the past, as a major factor in the university's and the labor market's resistance to change, particularly in the public sector. Others complained that change was impossible because of the top-down control by the Ministry of Universities and Research. They argued that even Italy's elite universities, such as the private Milan's Bocconi, are backward-looking and still largely preparing students for careers in large industry, whereas they should also be preparing them to qualify for self-employment or opportunities in start-ups.

#### LABOR MARKET INFLEXIBILITY HAMPERING THE PRIVATE SECTOR TOO

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¶15. Turning to the present, the grads characterized the private sector as relatively young and dynamic, with the potential to be very positively affected by change, but currently beset by a low level of investment compared to the public sector. They underscored that market inflexibility is a bottleneck for Italian economic expansion, noting that Italians are too focused on obtaining foreign investment which, although welcome, should not be a substitute for domestic investment. One participant argued that in Italy qualifications and skills count much less than connections.

#### ONLY A FEW SATISFIED CUSTOMERS

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¶16. While most argued for greater labor market flexibility and the need to develop a more market-oriented university curriculum, one participant employed in the parastatal Postal Service argued to the contrary that universities exist to form people's minds, not necessarily prepare them for a specific job. Similarly, he did not see any advantages in having greater labor flexibility. Some participants who owned their own businesses in the niche markets of film-making and graphic design, argued that it is

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difficult these days to find really qualified personnel, but were satisfied that they could "make it" in the current system.

#### COMMENT:

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¶17. Overall, while content to describe the dysfunctions between Italy's universities and the job market, the alumni had only one concrete proposal to fix the system: eliminate the equal legal standing or fungibility of university degrees. Some called for "more dialogue" between the universities and employers, while others encouraged the Embassy to include these areas in the Ambassador's Partnership for Growth dialogue. Our impression is that this group, although wanting to see change, had successfully made it into the labor market and was not prepared to stand on the barricades and demand reforms. END COMMENT.  
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